

Published: Nov. 16, 2014, Kokomo Tribune [Page: A1, jump to A5]

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The cost of opting out of a plan

The tax bill will only increase next year for those without coverage

By Rob Burgess

Tribune night editor

For those without health insurance who have not utilized the Affordable Care Act Marketplace, there will be a price to pay come April 15, 2015.

“If you didn’t [sign up for health insurance], there is going to be a penalty assessed when you file your tax returns,” said Sherry Rahl, executive director of Project Access.

Uninsured residents who sat on the sidelines during the last enrollment period, it’s already too late to avoid the fee for 2014. According to the Tax Policy Center, for 2014, the tax is the greater of either 1 percent of income, or \$95 per adult, plus \$47.50 per child, up to a maximum of \$285 per family.

And that cost will only increase if those who remain uncovered once again decide not to take advantage of the current enrollment period, which ends Feb. 15, 2015.

“The percentage tax increases to 2 percent in 2015, and 2.5 percent in 2016 and later years,” according to the Tax Policy Center website. “The dollar penalty rises to \$325 per adult plus \$162.50 per child (with a family maximum of \$975) in 2015; increases to \$695 per adult plus \$347.50 per child (with a family maximum of \$2,085) in 2016; and is indexed for inflation in subsequent years.”

Rahl said only certain exemptions would allow residents to avoid the fees.

“It is a choice to opt into the ACA,” said Rahl. “They want every American to have affordable health insurance, but it still is freedom of choice as to whether you do or not. But you do need to know that if you chose not to there will be a penalty assessed, unless you have the proper paperwork to say otherwise.”

According to the Henry J. Kaiser Family Foundation, the ACA provides for exemptions to the penalty for those who:

- Cannot afford coverage. (Defined as those who would pay more than 8 percent of their household income for the lowest cost bronze plan available to them through the Marketplace.)
- Are not a U.S. citizen, a U.S. national, or a resident alien lawfully present in the U.S.

- Had a gap in coverage for less than three consecutive months during the year.
- Won't file a tax return because their income is below the tax filing threshold. (In 2014 the tax filing thresholds are \$10,150 for individuals and \$20,300 for married people filing a joint return.)
- Are unable to qualify for Medicaid because their state has chosen not to expand the program. (Indiana is one of these states.)
- Participate in a health care sharing ministry or are a member of a recognized religious sect with objections to health insurance.
- Are a member of a federally recognized Indian tribe.
- Are incarcerated.

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Important ACA dates

- **Nov. 15** - Marketplace opens for 2015 enrollment period.
- **Dec. 15** - Deadline for current ACA enrollees to make changes to their coverage based on life events.

- **Dec. 31** – Marketplace plans for 2014 period will expire. Those who signed up last time and made no changes will see their plans auto-renew.
- **Feb. 15, 2015** – End of Marketplace enrollment period for 2015.
- **April 15, 2015** – Tax Day 2015. Those without insurance who did not sign up for coverage through the Marketplace and did not receive an exemption will be forced to pay a penalty when they file their taxes.